

Neisner
Brothers, Inc.

1970
Annual
Report

CLEVELAND PUBLIC LIBRARY
BUSINESS INC. SER.
CORPORATION FILE



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	1970	1969
Net Sales	\$132,441,009	\$119,644,384
Net Earnings	\$ 1,088,414	\$ 1,023,495
Net Earnings Per Share	\$ 1.64	\$ 1.53
Dividends Per Share	\$.20	\$.05
Depreciation and Amortization of		
Leasehold Improvements	\$ 1,293,201	\$ 1,179,271
Working Capital	\$ 17,738,072	\$ 15,369,875
Total Assets	\$ 41,055,838	\$ 40,686,547
Long-Term Debt Outstanding	\$ 7,527,000	\$ 6,000,000
Stockholders' Equity	\$ 22,115,328	\$ 21,139,629
Stores in Operation	175	176

Annual Meeting

The next annual meeting of stockholders will be held in Rochester, New York, on Monday, April 12, 1971. On or about March 22, 1971, stockholders will receive a notice of the meeting, proxy statement and proxy ballot.

Transfer Agents

Lincoln Rochester Trust Company
Rochester, New York
Bankers Trust Company
New York, New York

Registrars

Security Trust Company
Rochester, New York
Morgan Guaranty Trust Company
New York, New York

Independent Accountants

Peat, Marwick, Mitchell & Co.
Rochester, New York

To Our Stockholders:

We are very pleased to report to you that once again your Company has achieved record net sales amounting to \$132,441,009 as compared to \$119,644,384 in 1969, an increase of \$12,796,625, or 11 percent. Total sales, including leased departments and concessions, amounted to \$145,872,829, an increase of 10 percent over 1969 total sales of \$132,491,771.

This past year was a troubled period in the general economy. Inflation continued at an annualized rate of 6 percent and unemployment reached a new high of 6 percent. The economy did not respond to the classical dictums of either fiscal or monetary control.

Many major national retailers, in line with general business activity, showed decreases in profit compared to 1969 results with a number of firms showing outright losses for the year.

Thus, we feel that our particular improvement in net profit—\$1,088,414 vs. \$1,023,495 reported last year—was especially significant. Adding increased emphasis is the fact that we incurred substantial non-recurring opening costs for seven new Big N's during the past year and still achieved an increase in net earnings per share of 11 cents—from \$1.53 in 1969 to \$1.64 in 1970. Pre-tax earnings amounted to \$2,058,414 in comparison to \$1,968,495, an increase of \$89,919, or 5 percent over the prior year. Annual average sales volume per store was \$755,000, up from \$680,000 in 1969, an increase of 11 percent.

The payment of quarterly dividends which were resumed in the fall of 1969, continued this past year. The quarterly dividend rate was 5 cents a share. A total of 20 cents a share was paid to our stockholders.

A building adjacent to our headquarters was leased to allow the expansion of the data processing group which is an integral part of our operations.

In the year ahead, we anticipate the opening of two Big N Stores along with one Junior Department Store. This is the result of the continued rise in construction and leasing costs which has affected the people who have been building stores for us and in turn makes expansion much more costly. The current store enlargement and remodeling programs will affect quite a few units. Planned store closings will continue, however, as will efforts to "trade up" into better grade merchandise and higher ticket items.

Sales during 1971 are anticipated to rise at least six percent and we expect earnings will outpace our sales gains. During 1970, seven Big N Department Stores were opened, the most ever during a single year. Sales from 31 such outlets currently account for about \$64,898,803 or 49 percent of our total volume. This compares to 35 percent of total sales in 1968 and 42 percent in 1969. In addition, two Junior Department Stores were enlarged, one remodeled, and starts to upgrade several others were made which will be completed later this year.

The larger and more efficient Buying Office in New York City has assumed growing responsibility for providing the chain with high quality, attractively-priced fashion and outer wear. Agreements were recently consummated for the direct import of many categories of merchandise from the Far East and we expect that, as this purchasing expands, profit margins on this merchandise will improve.

Consumerism, which so conspicuously emerged upon the American scene last year, will undoubtedly continue to gain momentum. We shall, of course, remain responsive. The rightful interest of consumers in quality, reliability, product safety, price and service will be shared by Neisner's through its traditional policy of "guaranteed customer satisfaction" which accompanies each and every purchase and with the cooperation of our many valued suppliers.

Our appreciation is extended to our Neisner employees, stockholders, suppliers and customers, all of whom play such an important role in the Company's success and prosperity.



Fred Neisner
Fred Neisner
Chairman of the Board



Melvin B. Neisner
Melvin B. Neisner
President

Cluster Marketing

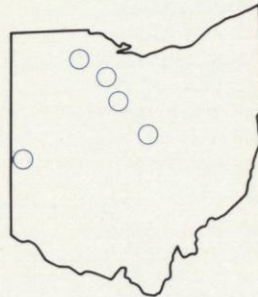
Our overall expansion has been confined for a number of years to areas in which we operate in order to reap benefits from better supervision and increased market saturation. We have added Neisner stores in Florida in particular and in areas reasonably close to our Home Office in our Big N expansion. We have concentrated on two clusters of stores during the past year, namely, the addition of four Big N stores for a total of five in Ohio and three Big N's in Western New York for a total of 14 there. In the next two years, we plan to open at least three Big N's in the Greater Rochester area in the suburbs of Brighton, Penfield and Perinton. An accompanying map shows the element of saturation obtained in Western New York State through Big N openings during the past several years. This makes possible a greater concentration of newspaper, tabloid and radio and television advertising for a large group of stores serving a growing population. In addition to many strategically-placed billboards in Western New York, we are now using Rochester's major radio stations and we have just recently started a test program on three local television stations. Much of our programming for television and radio is of an institutional nature and emphasizes the nearness of a Big N store to consumers throughout Western New York.

Upper right: Latest Neisner store to open was this upgraded 75,000 square foot Big N in Webster, New York. Lower right: Maps of New York and Ohio show Big N concentrations and areas presently covered by advertising programs.



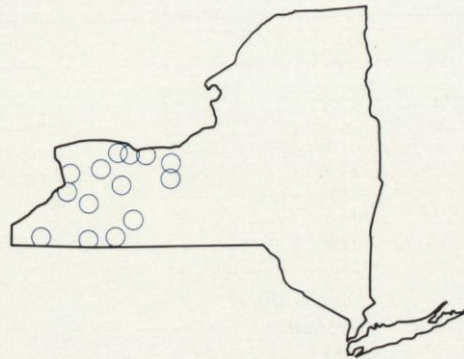
Big N Stores in Ohio (10 mile radius-circles)

Bowling Green
Tiffin
Galion
Mt. Vernon
Greenville



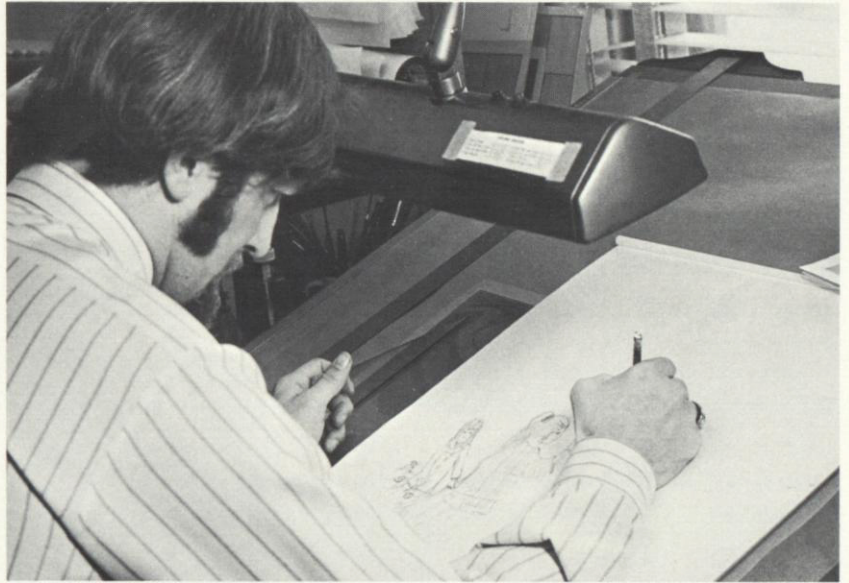
Big N Stores in Western New York (10 mile radius-circles)

Newark
Geneva
Webster
Greece
Brockport
Geneseo
Hornell
Batavia
Arcade
Olean
Wellsville
Cheektowaga
Hamburg
Jamestown



This cluster effect also assures better supervision, faster truck delivery from our Distribution Center, along with the obvious advantages in advertising and merchandising.

Advertising expenditures for the Company exceeded \$3,000,000 during the year, the major part of the increase being in the Big N stores. The "cluster" concept will permit either more advertising dollars or better coverage in a given area. Increased use of tabloids during 1970 was most productive and will remain the key part of our advertising effort again this year.



Upper right: During 1970, 34 tabloids (several in full color) were prepared by Neisner's internal advertising department to stimulate sales in both Junior and Big N Department Stores. Lower right: The chain recently began broadcasting messages over a popular and powerful clear-channel radio station to increase its promotional effectiveness throughout Upstate New York.

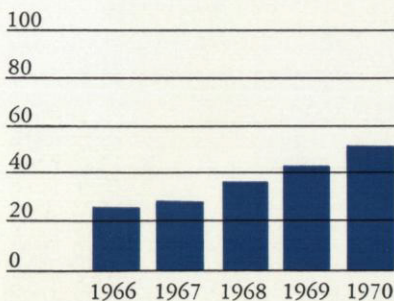


Review of Operations

Expansion

Our expansion program was ahead of schedule during 1970 as we were able to open seven Big N stores which was more than we had anticipated earlier in the year. Four of these units are in Ohio, in Mt. Vernon, Bowling Green, Greenville and Tiffin, and the other three are in Western New York, in Arcade and the two Rochester suburbs of Greece and Webster. The Newark, New York, store was enlarged early in the year. No Junior Department Stores were opened, mainly as a result of landlords' higher costs for both money and construction, although a number were enlarged or modernized. A definite slowdown of shopping center construction is apparent throughout

**Big N Store Volume
Percent of Total Sales**



For the first time since Neisner's entered mass merchandising ten years ago, Big N store volume made up nearly half of total sales at year-end.

the entire country and probably will continue indefinitely. During 1971, we will open no more than two Big N's and one Junior Department Store. Enlargement of several stores is currently underway, and modernization of a number of others will be possible during the year. Major remodeling of our Store No. 1 in downtown Rochester, New York, has been started, among others. Big N expansion has resulted in operation of three District Offices instead of one to better concentrate authority for the regions covered. Two men were promoted to the position of senior district manager and given wider responsibilities in the new Eastern and Western Big N districts for our Department Store operation. Capital expenditures have been planned at less than \$2,300,000 in 1971. This compares to \$2,032,759 in 1969 and \$2,535,424 in 1970.

Restaurant Operation

Restaurant sales reached a new high of \$7,586,631 during 1970 or one percent above 1969. The number of departments will continue to decrease as older small units are closed and large cafeterias are opened in each new Big N. We are working on upgrading of both decor and menus to meet the desires of our customers, particularly in outlying shopping centers. This continues to be a profitable phase of our operation.

Early in 1971, a reassignment of Food Services Department supervision in the Main Office was accomplished, giving our two store operations department directors more immediate control over activities in their two somewhat different types of restaurant operation. This move will strengthen both Big N and Junior Department Stores.

Store Closings

Closing of unprofitable stores with no future continued during 1970, although not up to the pace of the two prior years, as we closed 12 in 1968 and 17 in 1969. We did, however, cease operations in eight stores which will ultimately improve our profit potential. The cost of closing undesirable stores, like the opening of new stores with good potential, assures better long-term results for the Company. Each time a store is closed, we gain the use of inventory for other stores, promote a manager to a better opportunity for himself or herself and the Company and allow the District Office to expend its efforts in a better direction. A constant evaluation is made of our stores in an effort to weed out those with a questionable future.

Credit

We are now offering four basic types of credit to our customers. Our own Neisner-Big N credit card is in use throughout the chain and in most areas we have available Uni-Card, BankAmericard and Master Charge. Our volume of credit sales during 1970 amounted to \$9,400,000, an increase of 26 percent over 1969. Substantial expansion of credit sales is foreseen for the future, particularly in the Big N Stores as they become better known. As we add higher ticket items such as TV, refrigerators, furniture and the like, our customers expect and deserve credit availability with a minimum of effort.

Distribution Center

A detailed survey of our service to our stores was recently authorized and is underway. A consultant firm is making the survey of current operating methods and an analysis of where we will be going in the direction of better service to our stores during the next five to ten years. Total shipments through this facility last year were over \$79,000,000, an increase of 16 percent compared to 1969. Our Distribution Center is becoming increasingly important in the delivery of goods to our stores, shipping to every Junior Department Store once weekly and to the Big N's twice each week. Our fleet of trucks and trailers is a familiar sight on the major highways of New York State in particular. All are identified with the Neisner and Big N names.

Main Office Expansion

We negotiated a lease last fall for a building of approximately 8,000 square feet adjacent to our Main Office building. We immediately took over the second floor for our Accounting Department which allowed expansion of our Data Processing Department. The main floor will be available within the year. Extensive remodeling of the present first floor of the Main Office building has been completed.

Personnel

Several important personnel changes were made during 1970. Robert C. Green became financial vice president and treasurer at the start of the year. We welcomed in his department Thomas H. Brakefield as management information systems manager in March and Wesley D. Wright as controller in December.

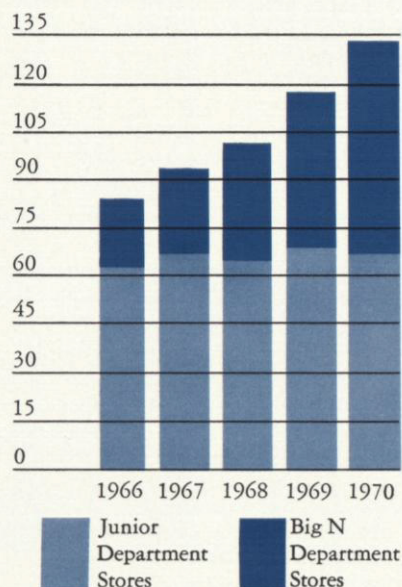
Lewis J. Neisner was promoted to personnel director in June in addition to continuing his duties as corporate secretary.

P. Mark Clark became advertising and sales coordinator in August after serving in the advertising department in several capacities for the past five years.

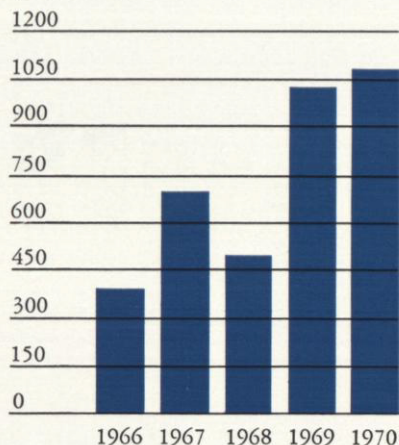
Charles Goran, after over 40 productive years with the Company as trainee, store manager, district manager, buyer and merchandise manager, retired at the end of the year. We will miss his many contributions to our progress.

Our recruiting and management training programs have been under intense scrutiny for many months and new approaches being planned will assure us of an adequate reservoir of needed talent in the coming years.

Net Sales
(Millions)



Net Earnings
(Thousands)



Top chart shows steadily rising sales volume with darker portion of bars indicating greater gains by Big N Department Stores. Lower chart highlights net earnings over the past five years.

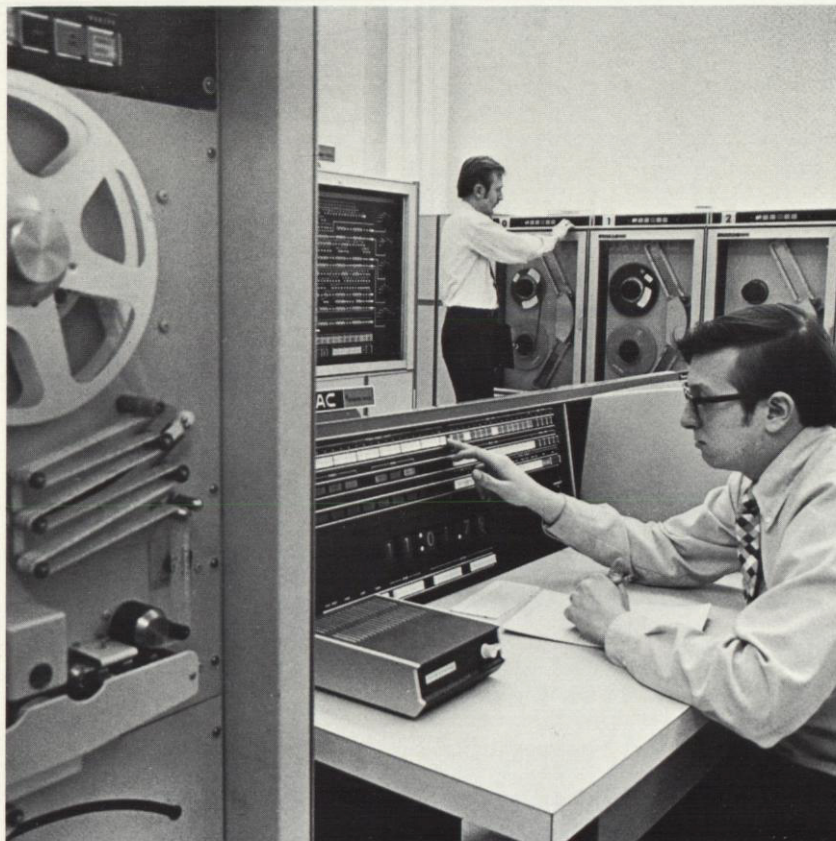
Review of Operations

New York Buying Office

The facility became more productive during the year, processing 15 percent more dollars' worth of apparel than in 1969. Its primary purpose is to purchase, receive, inspect and order process all ready-to-wear merchandise before shipment to the Distribution Center in Rochester. All Neisner buyers visit the facility on a regular basis.

Bertrand J. Abraham, an assistant merchandise manager, has given up all buying to devote full time to the merchandising of apparel in the office and its responsibility to adequately supply the needs of an expanding chain. He and one of our buyers made the first trip to the Orient in October, establishing contacts in expectation of rapid expansion of commitments in the Far East. Another trip was made in January 1971 by two buyers from our Main Office and New York Buying Office.

Miss Joanne Fracassi, a member of the New York staff for eight years, was recently promoted to assistant buyer to add strength to the office.



Neisner's recently expanded Electronic Data Processing Department, located in its headquarters building, is an indispensable source of management information and inventory control.

Consolidated Statement of Earnings and Retained Earnings

52 weeks ended January 2, 1971 and 53 weeks ended January 3, 1970

Revenues:	1970	1969
Net sales	\$132,441,009	\$119,644,384
Income from leased departments	1,284,869	1,192,107
Other income	21,194	11,956
	133,747,072	120,848,447
 Costs and operating expenses:		
Cost of merchandise sold, buying and occupancy costs, exclusive of depreciation and amortization	96,208,713	86,446,444
Selling, general and administrative expenses	33,056,215	30,200,744
Depreciation and amortization	1,293,201	1,179,271
Interest expense	1,130,529	1,053,493
Miscellaneous state taxes	106,000	112,000
Federal income taxes (note 4)	864,000	833,000
	132,658,658	119,824,952
Net earnings	1,088,414	1,023,495
Retained earnings:		
Balance at beginning of period	19,423,763	18,433,31
Less dividends paid, \$.20 per share of common stock in 1970; \$.05 per share in 1969	132,632	33,050
Balance at end of period	\$ 20,379,545	\$ 19,423,763
Net earnings per common share and common share equivalent (note 9)	\$1.64	\$1.53

See accompanying notes to consolidated financial statements.

Consolidated Balance Sheet

January 2, 1971 and January 3, 1970

Assets	Jan. 2, 1971	Jan. 3, 1970
Current Assets:		
Cash in banks and on hand	\$ 5,660,333	\$ 4,642,972
Accounts and notes receivable:		
Trade	361,069	434,232
Other	362,338	299,818
	723,407	734,050
Less allowance for doubtful receivables	11,000	15,000
Net accounts receivable	712,407	719,050
Merchandise inventories (note 1)	21,924,039	22,530,222
Prepaid insurance and other expenses	564,803	894,549
Total current assets	28,861,582	28,786,793
Property, plant and equipment:		
At cost less accumulated depreciation and amortization (note 2)	11,740,109	10,696,239
Other assets:		
Cash surrender value of life insurance (note 3)	57,080	795,000
Advances to landlords and agents	179,444	162,650
Other	217,623	245,865
Total other assets	454,147	1,203,515
	\$41,055,838	\$40,686,547

See accompanying notes to consolidated financial statements.

Liabilities and Stockholders' Equity	Jan. 2, 1971	Jan. 3, 1970
Current liabilities:		
Current installments of long-term debt (note 3)	\$ 473,000	\$ 400,000
Accounts payable—trade	6,586,117	9,016,749
Accounts payable—other	203,007	311,403
Accrued expenses	3,056,734	2,865,510
Accrued Federal and State taxes (note 4)	804,652	823,256
Total current liabilities	11,123,510	13,416,918
 Long-term debt (note 3)	 7,527,000	 6,000,000
 Deferred taxes on income (note 4)	 290,000	 130,000
 Stockholders' equity:		
Preferred stock, par value \$20 per share:		
Authorized 500,000 shares; issued and outstanding—none	—	—
Common stock, par value \$1 per share:		
Authorized 5,000,000 shares; issued and outstanding 666,591 shares, 663,160 shares at January 3, 1970 (notes 5, 6 and 7)	666,591	663,160
Additional paid-in capital (note 5)	1,077,718	1,052,706
Retained earnings (note 3)	20,379,545	19,423,763
	22,123,854	21,139,629
Less cost of 600 common shares in treasury	8,526	—
Total stockholders' equity	22,115,328	21,139,629
Commitments and Contingent Liability (note 10)		
	<u>\$41,055,838</u>	<u>\$40,686,547</u>

Consolidated Statement of Source and Application of Funds

52 weeks ended January 2, 1971 and 53 weeks ended January 3, 1970

	1970	1969
Funds provided:		
Net earnings	\$1,088,414	\$1,023,495
Add charges against earnings not requiring funds:		
Depreciation on buildings and equipment and amortization of cost of leaseholds and leasehold improvements	1,293,201	1,179,271
Loss on disposal of equipment	62,264	22,372
Deferred taxes on income	160,000	105,000
Funds derived from operations	2,603,879	2,330,138
Proceeds from sale of common stock	28,443	45,753
Proceeds from long-term financing	2,000,000	2,000,000
Net borrowings on cash surrender value of life insurance policies	775,920	—
Decrease in other assets	11,448	—
	<u>5,419,690</u>	<u>4,375,891</u>
 Funds used:		
Dividends	132,632	33,050
Expenditures for property, plant and equipment (less proceeds from sale of equipment \$156,627 in 1970, \$100,186 in 1969)	2,399,335	1,932,573
Reduction of long-term indebtedness	473,000	400,000
Increase in other assets	—	22,683
Purchase of treasury stock	8,526	—
Increase in cash surrender value of life insurance	38,000	46,500
	<u>3,051,493</u>	<u>2,434,806</u>
Increase in working capital	<u>\$2,368,197</u>	<u>\$1,941,085</u>

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

January 2, 1971 and January 3, 1970

(1) Inventories

The merchandise inventories at stores are stated at the lower of cost (as calculated by the retail inventory method) or market. Inventories at the Distribution Center are stated at current replacement cost, and restaurant inventories are stated at cost.

(2) Property, Plant and Equipment

The Company uses the straight line method of computing depreciation of buildings, furniture, fixtures and equipment and amortization of leasehold improvements over the estimated useful lives of the assets or leases. A summary of property, plant and equipment and related accumulated depreciation and amortization follows:

	Useful Life	January 2, 1971	January 3, 1970
Land		\$ 835,931	\$ 835,931
Buildings	33-50 years	858,176	858,176
Furniture, fixtures and equipment	7-14 years	20,273,634	19,009,464
Leasehold improvements	Life of lease	6,462,457	7,072,507
		<u>28,430,198</u>	<u>27,776,078</u>
Accumulated depreciation and amortization		<u>16,690,089</u>	<u>17,079,839</u>
Net property, plant and equipment		<u>\$11,740,109</u>	<u>\$10,696,239</u>

(3) Revolving Bank Credit Agreement and Long-Term Debt

As of May 1, 1969, the Company extended its Revolving Bank Credit Agreement with a group of banks which permits maximum borrowing of \$9,000,000. The agreement expires April 30, 1971, and monies borrowed bear interest at one percent in excess of the prime rate. The Company had no loans outstanding under this agreement at January 2, 1971 or at January 3, 1970.

The long-term debt is summarized as follows:

	Long-Term portion	Current portion	Total
7½% Series A notes; \$250,000 due annually on November 1, 1971 through 1982, \$1,000,000 due November 1, 1983	\$3,750,000	\$250,000	\$4,000,000
7½% Series B notes; \$115,500 due annually on November 1, 1971 through 1983, \$498,500 due November 1, 1984	1,884,500	115,500	2,000,000
7½% Series C notes; \$107,500 due annually on November 1, 1971 through 1984, \$495,000 due November 1, 1985	1,892,500	107,500	2,000,000
	<u>\$7,527,000</u>	<u>\$473,000</u>	<u>\$8,000,000</u>

In addition to the stated interest rate of 7½% the Series B and Series C notes provide for additional contingent interest based on consolidated net income before taxes. The total interest rate on these notes cannot exceed 10% in any one year.

The loan agreements contain various restrictions. Among other things the Company must maintain a minimum working capital of \$10,000,000, may not lease real or personal property in excess of a stipulated amount and may not pay dividends in excess of 15% of the previous year's consolidated net income.

During July 1970 the Company obtained loans from several insurance companies against the cash surrender value of life insurance policies. Since it is not anticipated that these loans will be repaid from any source other than the proceeds of these policies the net proceeds from these loans totaling \$775,920 have been reflected in the accompanying balance sheet as of January 2, 1971 as a reduction in the "cash surrender value of life insurance."

(4) Income Tax

The Company has followed the practice of reducing current income tax expense by the investment tax credit allowable within the year. Such investment tax credit amounted to \$46,000 in 1970 and \$149,000 in 1969.

The provision for Federal income taxes includes \$704,000 in taxes currently payable and \$160,000 in deferred taxes due to timing differences. (The comparable figures for 1969 were \$728,000 and \$105,000, respectively.)

(5) Common Stock and Additional Paid-In Capital

Changes in common stock outstanding and additional paid-in capital are as follows:

	1970		1969	
	Common stock par value \$1 per share	Additional paid-in capital	Common stock par value \$1 per share	Additional paid-in capital
Balance at beginning of period	\$663,160	\$1,052,706	\$658,977	\$1,011,136
Add proceeds received on issuance of 3,431 shares of common stock to employees under Employees' Stock Purchase Plan (4,183 shares in 1969)	3,431	25,012	4,183	41,570
Balance at end of period	<u>\$666,591</u>	<u>\$1,077,718</u>	<u>\$663,160</u>	<u>\$1,052,706</u>

Warrants to purchase 53,333 shares of the Company's common stock at \$12 per share were outstanding at January 2, 1971 and January 3, 1970. These warrants are exercisable until November 1, 1983.

(6) Qualified Stock Option Plan

The Company has in effect a qualified stock option plan for officers and key employees and has reserved 32,949 shares of common stock for that purpose. Options are granted at not less than 100% of the fair market value of the common stock at the date of grant and are exercisable at any time after the first anniversary of the granting with respect to not more than ⅓ of the shares granted, at any time after the second anniversary with respect to not more than an additional ⅓, and at any time after the third anniversary (but before the 5-year termination of the grant) with respect to the balance of the shares.

Options to purchase 24,500 shares at a weighted average option price of \$13.087 per share have been granted from July 29, 1969 through January 2, 1971 and were outstanding as of that date. The comparable figures as of January 3, 1970 were 21,000 shares at an average option price of \$12.125 per share. No options granted under the plan had been exercised as of January 2, 1971.

(7) Employees' Stock Purchase Plan

On April 10, 1970 the stockholders approved an Employees' Stock Purchase Plan which granted to certain employees the right to purchase not more than 20,000 shares of the Company's common stock at 85% of the closing market price on the American Stock Exchange on specified purchase dates. The Plan expires on June 16, 1973. As of January 2, 1971 there remains a balance of 16,569 shares available under the Plan.

(8) Pension Plan

The Company has a contributory pension plan covering all regularly employed persons. Employees are eligible for participation in the plan upon reaching the age of 30 and upon completing five years' service with the Company. The total pension expense for the year was \$115,000 (\$95,000 in 1969). It is the policy of the Company to fund pension costs accrued. There were no unfunded vested benefits as of the most recent valuation date.

(9) Earnings Per Share

Earnings per common share and common share equivalent were computed by dividing net income by the weighted average number of shares of common stock and common stock equivalents outstanding during the year (664,815 shares in 1970 and 669,420 in 1969).

(10) Lease Commitments and Contingent Liability

The Company conducts the major part of its operations from premises leased under noncancelable leases. In addition the Company leases certain fixtures and equipment under leases which are noncancelable. Minimum annual rentals relating to such property under lease at January 2, 1971 amounted to \$8,457,744. Also, some leases require the Company to pay additional rentals based on sales and to pay such costs as real estate taxes, insurance, repairs and parking lot maintenance.

Scheduled minimum rentals and expiration of leases in effect at January 2, 1971 are as follows:

Year of expiration	Expiration of minimum rentals
1971-1975	\$ 938,631
1976-1980	1,855,113
1981-1985	2,353,964
1986-1990	1,169,811
Thereafter	2,140,225
	<u>\$8,457,744</u>

Under an agreement the Company sells all of its Central Credit Plan receivables from customers on a discount basis. In the event this agreement is terminated the Company could be required to repurchase the then outstanding receivables. Such receivables amounted to approximately \$3,500,000 at January 2, 1971.

Accountants' Report

The Board of Directors, Neisner Brothers, Inc.:

We have examined the consolidated balance sheets of Neisner Brothers, Inc. and subsidiary as of January 2, 1971 and January 3, 1970 and the related statements of earnings and retained earnings and source and application of funds for the 52 weeks ended January 2, 1971 and the 53 weeks ended January 3, 1970. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the accompanying balance sheets, statements of earnings and retained earnings and source and application of funds present fairly the financial position of Neisner Brothers, Inc. and subsidiary at January 2, 1971 and January 3, 1970 and the results of their operations and source and application of funds for the 52 weeks ended January 2, 1971 and the 53 weeks ended January 3, 1970, in conformity with generally accepted accounting principles applied on a consistent basis.

Rochester, New York
February 12, 1971

PEAT, MARWICK, MITCHELL & CO.
Certified Public Accountants

Ten-Year Summary

	Net Sales	Net Earnings	Earnings Per Share on Common Stock*	Dividends Per Share Paid on Common Stock	Amount Reinvested in Business	Stores in Operation at Year End
1961	\$ 76,288,863	\$ 278,565	0.44	0.40	25,225	173
1962	76,882,512	184,073†	0.29†	0.35	407,220†	182
1963	75,250,239	100,154	0.15	0.05	68,055	181
1964	81,005,823	328,341	0.51	0.00	328,341	180
1965	84,751,164	700,790	1.08	0.00	700,790	185
1966	85,983,168	443,604	0.68	0.00	443,604	191
1967	94,216,962	676,791	1.03	0.00	676,791	192
1968	101,734,019	492,086	0.75	0.00	492,086	187
1969	119,644,384	1,023,495	1.53	0.05	990,445	176
1970	\$132,441,009	\$1,088,414	1.64	0.20	\$955,782	175

†Red figure

*Based on average shares and equivalents outstanding during each year

Officers

Fred Neisner, *Chairman of the Board*
Melvin B. Neisner, *President*
Philip Cooper, *Vice President*
R. C. Green, *Vice President and Treasurer*
Lee Hendricks, *Vice President*
Elmer G. Rogers, *Vice President*
Samuel S. Stern, *Vice President*
Lewis J. Neisner, *Secretary*
Richard C. Harris, *Ass't. Treasurer*

Directors

Fred Neisner*
Melvin B. Neisner*
Philip Cooper*
F. Gordon Duffy
J. Wallace Ely*
R. C. Green
Allen W. Mathis, Jr.
*Executive Committee

Management Committee

Fred Neisner
Melvin B. Neisner
Philip Cooper
R. C. Green
Lee Hendricks
Lewis J. Neisner
Elmer G. Rogers
Samuel S. Stern

Executive and Buying Offices:

49 East Avenue
Rochester, New York 14604

New York Buying Office:

309 W. 37th Street
New York, New York 10018

District Offices:

1723 W. Howard Street
Evanston, Illinois 60202
3343 Harlem Road
Buffalo, New York 14225
17070 Collins Avenue
N. Miami Beach, Florida 33160
1879 Altamont Avenue
Schenectady, New York 12303
855 Portland Way N.
Galion, Ohio 44833

Quality Lewis Brand Products

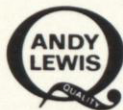
Over 400 items make up Neisner's popular and growing Lewis Brand family which during 1970 made up over \$10.5 million or seven percent of the chain's total sales. Next to be added this fall will be a variety of girls' sportswear lines identified by the Amy Lewis label.

Customers are assured quality of Neisner private label merchandise through services performed by independent test laboratories as well as those provided by major vendors and, of course, our own buyers. For the most part, packaging and labeling are designed internally.

Identity and quality control are among the advantages offered by private label merchandise—reasons why we anticipate an annual 20 to 25 percent growth rate in this important area over the next few years.



Facial tissue
Hair spray
Bathroom tissue
Women's bras and girdles
Knitting worsted and yarns
Panty hose and nylons
Sewing notions
Boxed cherries
Household brush assortments
Dishwashing detergent
Vacuum cleaner bags
Shower caps
Girls' and women's pajamas
Women's panties



Hosiery
Jr. Boys' briefs
Boys' tee shirts
Boys' handkerchiefs



Candles
Buffered aspirin
Insoles
Toothpaste
Kiddy sunglasses
Shoelaces



Stationery
Electrical devices
School supplies
Ballpoint pens
Batteries
Light bulbs
Men's sport coats
Men's dress shirts
Men's pocket tee shirts
Men's underwear
Men's pajamas
Youths' jeans
Picture hangers
Paint brushes
Spray enamel



Disposable diapers
Infant sheets
Receiving blankets
Bibs
Crib cases
Boxed gift sets
Blanket sleepers
Diaper bags
Knit sacques and gowns

Neisner Brothers, Inc.
Store Locations

Connecticut (2)

Newington
Myrtle Mills
 Unionville
Myrtle Mills

District of Columbia (1)

Washington

Florida (46)

Apopka
 Arcadia
 Avon Park
 Brandon
 Brooksville
 Cape Coral
 Clermont
 Cocoa
 Cutler Ridge
 Dade City
 DeLand
 Deltona
 Englewood
 Ft. Lauderdale (3)
 Gainesville
 Haines City
 Hallandale
 Homestead
 Jacksonville
 *Key Largo
 Key West
 Lake City
 Marathon
 Miami (3)
 Miami Beach (4)
 Miramar
 New Port Richey
 Ocala
 Palatka
 Palmetto
 Pompano Beach (2)
 Port Charlotte
 St. Petersburg
 Stuart
 Tallahassee (2)
 Tampa (2)

Illinois (14)

Berwyn
 Chicago (10)
 Crystal Lake
 Melrose Park
 Waukegan

Iowa (3)

Burlington
 Newton
 Spencer

Massachusetts (4)

Boston
 Holyoke
 Pittsfield
 Pittsfield—*Big N*

Michigan (15)

Detroit (9)
 Escanaba
 Hamtramck
 Lincoln Park
 Pontiac
 Royal Oak
 Wyandotte

Minnesota (1)

Rochester

Missouri (1)

St. Louis

Nebraska (1)

Omaha

New Jersey (4)

East Paterson
 Middletown
 Newton—*Big N*
 Trenton

New York (57)

Albany
 Amsterdam—*Big N*
 Arcade—*Big N*
 Auburn
 Avon
 Batavia—*Big N*
 *Brighton—*Big N*
 Brockport—*Big N*
 Buffalo (4)
 Cheektowaga—*Big N*
 Dunkirk
 Geneseo—*Big N*
 Geneva
 Geneva—*Big N*
 Glens Falls
 Grand Island
 Greece—*Big N*
 Hamburg—*Big N*
 Hornell—*Big N*
 Jamestown—*Big N*
 Lewiston
 Little Falls
 Lockport
 Newark—*Big N*
 Niagara Falls (2)
 Olean—*Big N*
 *Oneida—*Big N*
 *Penfield—*Big N*
 Penn Yan
 Perinton
 *Perinton—*Big N*

Plattsburgh

*Plattsburgh—*Big N*
 Port Chester
 Potsdam
 Potsdam—*Big N*
 Rochester (5)
 Rome (2)
 Rotterdam—*Big N*
 Schenectady—*Big N*
 Staten Island
 Tonawanda
 Utica
 Watertown
 Webster
 Webster—*Big N*
 Wellsville—*Big N*
 Whitesboro

Ohio (14)

Ashtabula
 Bowling Green—*Big N*
 Cincinnati
 Cleveland (3)
 Galion—*Big N*
 Greenville—*Big N*
 Lakewood
 Mansfield
 Mt. Vernon—*Big N*
 Norwood
 Sandusky
 Tiffin—*Big N*

Pennsylvania (4)

Lock Haven—*Big N*
 Shamokin—*Big N*
 Stroudsburg—*Big N*
 Williamsport—*Big N*

Texas (13)

Beaumont
 Brownsville
 Dallas
 Del Rio
 Freeport
 Houston
 Laredo
 Port Arthur
 San Antonio (5)

Vermont (1)

*Montpelier—*Big N*

Wisconsin (1)

Racine

*Stores not open January 2, 1971.

